

Income Tax Examination Changes

Name and Address of Taxpayer
BILLY D FLOYD

SS or EI Number

8260

Return Form No:

1040

Person with whom
examination changes
were discussed.

Name and Title:

INDIAN TRAIL

NC 28079-1225

1. Adjustments to Income

Period End 12/31/1999

Period End

Period End

a. SE AGI Adjustment

(4,193.00)

b. Standard Deduction

(3,600.00)

c. Exemptions

(2,750.00)

d. 1099-MISC INCOME-DUNCAN CONSTRUCTION COMPANY

27,571.00

e. 1099-MISC INCOME-TRT COUNTY WASTER WATER SMG

1,017.00

f. 1099-MISC INCOME-ASA STANFORD BUILDEF

28,264.00

g. 1099-MISC INCOME-RORIE II HOMES INC

2,500.00

h.

i.

j.

k.

l.

m.

n.

o.

p.

2. Total Adjustments

48,809.00

3. Taxable Income Per Return or as Previously Adjusted

0.00

4. Corrected Taxable Income

48,809.00

Tax Method

TAX TABLE

Filing Status

Married Separate

10,873.00

5. Tax

6. Additional Taxes / Alternative Minimum Tax

7. Corrected Tax Liability

10,873.00

8. Less a.

Credits b.

c.

d.

9. Balance (Line 7 less total of lines 8a through 8d)

10,873.00

10. Plus

Other

Taxes

a. Self Employment Tax

b.

c.

d.

8,386.00

11. Total Corrected Tax Liability (line 9 plus line 10a - 10d)

19,259.00

12. Total Tax Shown on Return or as Previously Adjusted

0.00

13. Adjustments to: a. Special Fuels Credit

b.

c.

14. Deficiency-Increase in Tax or (Overassessment
Decrease in Tax) (Line 11 less 12 adjusted by 13)

19,259.00

15. Adjustments to Prepayment Credits

16. Balance Due or (Overpayment) (Line 14 adjusted by
Line 15) (Excluding interest and penalties)

19,259.00

Government
Exhibit

Sentencing 1

The Internal Revenue Service has agreements with State tax agencies under which information about Federal tax, including increases or decreases, is exchanged with the States. If this change affects the amount of your State income tax, you should file the State form.

You may be subject to backup withholding if you underreport your interest, dividend, or patronage dividend income and do not pay the required tax. The IRS may order backup withholding at 31 percent after four notices have been issued to you over a 120-day period and the tax has been assessed and remains unpaid.

Income Tax Examination Changes

| | | | | | |
|---|--|-------------------------|------------|-------------------------|--|
| Name and Address of Taxpayer BILLY D FLOYD | | SS or EI Number 8260 | | Return Form No: 1040 | |
| 17. Penalties | | Period End 12/31/1999 | Period End | Period End | |
| a. Delq-IRC 6651(a)(1) | | 4,814.75 | | | |
| b. Estimated Tax-IRC 6654 | | 932.03 | | | |
| c. | | | | | |
| d. | | | | | |
| e. | | | | | |
| f. | | | | | |
| g. | | | | | |
| h. | | | | | |
| i. | | | | | |
| j. | | | | | |
| k. | | | | | |
| l. | | | | | |
| m. | | | | | |
| n. | | | | | |
| 18. Total Penalties | | 5,746.78 | | | |
| Underpayment attributable to negligence: (1981-1987) A tax addition of 50 percent of the interest due on underpayment will accrue until paid or assessed | | | | | |
| Underpayment attributable to fraud: (1981-1987) A tax addition of 50 percent of the interest due on underpayment will accrue until paid or assessed | | | | | |
| Underpayment attributable Tax Motivated Transactions TMT interest will accrue and be assessed at 120% of underpayment rate in accordance with IRC 6621(c) | | 0.00 | | | |
| 19. Summary of Taxes, Penalties and Interest: | | | | | |
| a. Balance due or Overpayment Taxes - Line 16, Page 1 | | 19,259.00 | | | |
| b. Penalties (Line 18, Page 2)-computed to 04/11/2002 | | 5,746.78 | | | |
| c. Interest (IRC§ 6601)-computed to 05/11/2002 | | 4,258.40 | | | |
| d. TMT Interest - computed 5/11/2002 on TMT underpayment | | 0.00 | | | |
| e. Amount due or refund (sum of lines a, b, c and d) | | 29,264.18 | | | |

Other Information:

RECEIVED IN CORRESPONDENCE
IRS - OSC / 520

JUN 06 2002

OGDEN, UTAH

| | | | | | | | |
|--|--|-----------------------|--|---------------------|--|-----------------------|--|
| Examiner's Signature: | | Employee ID: | | Office: | | Date: | |
| Ms. Best | | | | 1-866-899-9083 ext. | | 04/11/2002 | |
| Consent to Assessment and Collection - I do not wish to exercise my appeal rights with the Internal Revenue Service or to contest in the United States Tax Court the findings in this report. Therefore, I give my consent to the immediate assessment and collection of any increase in tax and penalties, and accept any decrease in tax and penalties shown above, plus additional interest as provided by law. It is understood that this report is subject to acceptance by the Area Director, Area Manager or Director of Field Operations | | | | | | | |
| PLEASE NOTE: If a joint return was filed, BOTH taxpayers must sign | | Signature of Taxpayer | | Date | | Signature of Taxpayer | |
| By: | | | | Title | | Date | |